

By: Thompson of Harris

H.B. No. 2578

Substitute the following for H.B. No. 2578:

By: Guillen

C.S.H.B. No. 2578

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the elimination of certain fees for licensure and the  
3 disposition of certain fees collected by the Texas Lottery  
4 Commission under the Bingo Enabling Act.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Subchapter A, Chapter 2001, Occupations Code, is  
7 amended by adding Section 2001.003 to read as follows:

8 Sec. 2001.003. REGULATORY FUNDING FROM BINGO PRIZE FEES.

9 It is the intent of the legislature that the funding necessary for  
10 the administration of this chapter by the commission be collected  
11 by the commission from commercial lessor, manufacturer, and  
12 distributor license fees and money paid to the commission by bingo  
13 players as bingo prize fees.

14 SECTION 2. Section 2001.103(a), Occupations Code, is  
15 amended to read as follows:

16 (a) An authorized organization may receive a temporary  
17 license to conduct bingo by filing with the commission an  
18 application, on a form prescribed by the commission~~[, accompanied~~  
19 ~~by a \$25 license fee]~~.

20 SECTION 3. Section 2001.105(a), Occupations Code, is  
21 amended to read as follows:

22 (a) The commission shall issue or renew a license to conduct  
23 bingo ~~[on payment of the license fee provided by Section 2001.104]~~  
24 if the commission determines that:

1           (1) the member or members of the applicant designated  
2 in the application to conduct bingo are active members of the  
3 applicant;

4           (2) the bingo is to be conducted in accordance with  
5 this chapter;

6           (3) the proceeds of the bingo are to be disposed in  
7 accordance with this chapter;

8           (4) the applicant has made and can demonstrate  
9 significant progress toward the accomplishment of the purposes of  
10 the organization during the 12 months preceding the date of  
11 application for a license or license renewal;

12           (5) all persons who will conduct, promote, or  
13 administer the proposed bingo are active members of the applicant  
14 organization and all other persons who will assist in conducting,  
15 promoting, or administering the proposed bingo games are persons  
16 authorized to do so by Section [2001.411](#); and

17           (6) no person under whose name bingo will be conducted  
18 and no person working at the proposed bingo has been convicted of a  
19 gambling offense or criminal fraud.

20           SECTION 4. Section [2001.154](#), Occupations Code, is amended  
21 to read as follows:

22           Sec. 2001.154. INELIGIBLE PERSONS. (a) The commission may  
23 not issue a commercial lessor license to or renew a commercial  
24 lessor license of:

25           (1) a person convicted of criminal fraud or a gambling  
26 or gambling-related offense;

27           (2) a public officer who receives any consideration,

1 direct or indirect, as owner or lessor of premises offered for  
2 conducting bingo;

3 (3) [~~a person who extends credit to, loans money to, or~~  
4 ~~pays or provides for the payment of license fees for an authorized~~  
5 ~~organization,~~

6 [~~4~~] a distributor or manufacturer;

7 (4) [~~5~~] a person in which a person covered by  
8 Subdivision (1), (2), or (3) [~~, or (4)~~] or a person married or  
9 related in the first degree by consanguinity or affinity, as  
10 determined under Chapter 573, Government Code, to one of those  
11 persons has greater than a 10 percent proprietary, equitable, or  
12 credit interest or in which one of those persons is active or  
13 employed;

14 (5) [~~6~~] a foreign corporation or other foreign legal  
15 entity;

16 (6) [~~7~~] an individual who is not a resident of this  
17 state;

18 (7) [~~8~~] a corporation or other legal entity owned or  
19 controlled by:

20 (A) a foreign corporation; or

21 (B) an individual who is not a resident of this  
22 state; or

23 (8) [~~9~~] a corporation or other legal entity:

24 (A) whose shares are publicly traded; or

25 (B) owned or controlled by a corporation whose  
26 shares are publicly traded.

27 (b) Subsection (a)(4) [~~(a)(5)~~] does not prevent an

1 authorized organization or other person that is not organized for  
2 pecuniary profit and no part of the net earnings of which inure to  
3 the benefit of an individual, member, or shareholder from being  
4 licensed as a commercial lessor solely because a public officer or a  
5 person married or related in the first degree by consanguinity or  
6 affinity to a public officer is a member of, active in, or employed  
7 by the authorized organization or other person.

8 SECTION 5. Section 2001.158, Occupations Code, is amended  
9 by adding Subsection (e) to read as follows:

10 (e) The commission shall deposit a license fee paid under  
11 this section to the credit of the bingo administration account  
12 established under Section 2001.521.

13 SECTION 6. Section 2001.205, Occupations Code, is amended  
14 by adding Subsection (c) to read as follows:

15 (c) The commission shall deposit a license fee and any other  
16 fee paid under this section to the credit of the bingo  
17 administration account established under Section 2001.521.

18 SECTION 7. Section 2001.209, Occupations Code, is amended  
19 by adding Subsection (c) to read as follows:

20 (c) The commission shall deposit a license fee and any other  
21 fee paid under this section to the credit of the bingo  
22 administration account established under Section 2001.521.

23 SECTION 8. Section 2001.438(f), Occupations Code, is  
24 amended to read as follows:

25 (f) Each licensed authorized organization that is a member  
26 of the unit shall be jointly and severally liable for:

27 (1) compliance with the requirements of this

1 subchapter and the rules of the commission relating to the filing of  
2 required reports;

3 (2) the maintenance of bingo inventory and financial  
4 records; and

5 (3) the payment of [~~fees and~~] any penalties imposed  
6 for a violation of this subchapter or commission rules related to  
7 the operations of the unit.

8 SECTION 9. Section 2001.458(a), Occupations Code, is  
9 amended to read as follows:

10 (a) An item of expense may not be incurred or paid in  
11 connection with the conduct of bingo except an expense that is  
12 reasonable or necessary to conduct bingo, including an expense for:

13 (1) advertising, including the cost of printing bingo  
14 gift certificates;

15 (2) security;

16 (3) repairs to premises and equipment;

17 (4) bingo supplies and equipment;

18 (5) prizes;

19 (6) stated rental or mortgage and insurance expenses;

20 (7) bookkeeping, legal, or accounting services  
21 related to bingo;

22 (8) fees for bingo chairpersons, operators, managers,  
23 salespersons, callers, cashiers, ushers, janitorial services, and  
24 utility supplies and services;

25 (9) health insurance or health insurance benefits for  
26 bingo chairpersons, operators, managers, salespersons, callers,  
27 cashiers, and ushers, as provided by Subsection (b);

1           (10) [~~license fees,~~  
2           [~~(11)~~] attending a bingo seminar or convention  
3 required under Section 2001.107; and  
4           (11) [~~(12)~~] debit card transaction fees and  
5 electronic funds transfer fees.

6           SECTION 10. Section 2001.459(a), Occupations Code, is  
7 amended to read as follows:

8           (a) The following items of expense incurred or paid in  
9 connection with the conduct of bingo must be paid from an  
10 organization's bingo account:

- 11           (1) advertising, including the cost of printing bingo  
12 gift certificates;
- 13           (2) security during a bingo occasion;
- 14           (3) the purchase or repair of bingo supplies and  
15 equipment;
- 16           (4) prizes, other than authorized cash prizes;
- 17           (5) stated rental expenses;
- 18           (6) bookkeeping, legal, or accounting services;
- 19           (7) fees for callers, cashiers, and ushers; and
- 20           (8) janitorial services[~~, and~~  
21           [~~(9) license fees~~].

22           SECTION 11. Section 2001.503, Occupations Code, is amended  
23 to read as follows:

24           Sec. 2001.503. LOCAL SHARE OF PRIZE FEE. (a) Except as  
25 provided by Subsection (c), a county that imposed a gross receipts  
26 tax on the conduct of bingo as of January 1, 1993, is entitled to,  
27 subject to Section 2001.507(i), 50 percent of the fee collected

1 under Section 2001.502 on a prize awarded at a game conducted in the  
2 county.

3 (b) Except as provided by Subsection (c), a municipality  
4 that imposed a gross receipts tax on the conduct of bingo as of  
5 January 1, 1993, is entitled to, subject to Section 2001.507(i), 50  
6 percent of the fee collected under Section 2001.502 on a prize  
7 awarded at a game conducted in the municipality.

8 (c) If a county and municipality are both entitled to a  
9 share of the fee imposed by Section 2001.502:

10 (1) the county is entitled to, subject to Section  
11 2001.507(i), 25 percent of the fee on a prize awarded at a game  
12 conducted in the county; and

13 (2) the municipality is entitled to, subject to  
14 Section 2001.507(i), 25 percent of the fee on a prize awarded at a  
15 game conducted in the municipality.

16 SECTION 12. Section 2001.507, Occupations Code, is amended  
17 by amending Subsections (a), (c), and (h) and adding Subsection (i)  
18 to read as follows:

19 (a) The commission shall deposit the revenue collected from  
20 the fee on prizes imposed by Section 2001.502 to the credit of the  
21 bingo administration account established under Section 2001.521 [~~a~~  
22 ~~special account in the general revenue fund~~].

23 (c) At the end of each state fiscal year, the [~~The~~]  
24 commission shall send [~~quarterly~~] to a county or municipality  
25 entitled to a share of the fee on prizes the county's or  
26 municipality's share, as provided by Section 2001.503 and  
27 Subsection (i).

1 (h) Interest earned on all fees on prizes collected by the  
2 commission under this chapter before distribution to a local  
3 jurisdiction, including interest earned from the suspense accounts  
4 retained under this section, shall be credited to the bingo  
5 administration account established under Section 2001.521 [~~general~~  
6 ~~revenue fund~~].

7 (i) The commission shall reduce the amount of each local  
8 share of a fee to each county or municipality entitled to a share of  
9 the fee under Section 2001.503 on a pro rata basis as necessary to  
10 retain the amount necessary for the administration of bingo under  
11 this chapter for the state fiscal year less the amount estimated by  
12 the commission as license fees expected to be deposited in the bingo  
13 administration account established under Section 2001.521 for that  
14 year.

15 SECTION 13. Chapter 2001, Occupations Code, is amended by  
16 adding Subchapter K-1 to read as follows:

17 SUBCHAPTER K-1. BINGO ADMINISTRATION ACCOUNT

18 Sec. 2001.521. BINGO ADMINISTRATION ACCOUNT. (a) The  
19 bingo administration account is a special fund in the treasury  
20 outside the general revenue fund.

21 (b) The account consists of:

22 (1) money paid to the commission as a commercial  
23 lessor license fee and deposited in the account under Section  
24 2001.158;

25 (2) money paid to the commission as a manufacturer's  
26 license fee or other fee and deposited in the account under Section  
27 2001.205;

1           (3) money paid to the commission as a distributor's  
2 license fee or other fee and deposited in the account under Section  
3 2001.209;

4           (4) any other money paid to the commission under this  
5 chapter and any money appropriated by the legislature to the  
6 commission for the administration of bingo under this chapter and  
7 transferred to the account;

8           (5) gifts, grants, and donations received by the  
9 commission for the purpose of the administration of bingo under  
10 this chapter; and

11           (6) interest earned on money in the account.

12           Sec. 2001.522. USE OF MONEY IN ACCOUNT. Money required to  
13 be deposited in the state treasury to the credit of the bingo  
14 administration account may be used by the commission only to  
15 support the commission's administration of bingo under this chapter  
16 and to pay local shares of prize fees under Section 2001.507.

17           Sec. 2001.523. APPLICABILITY OF OTHER LAW. Subchapter D,  
18 Chapter 316, Government Code, and Section 403.095, Government Code,  
19 do not apply to the account created under Section 2001.521.

20           SECTION 14. Section 404.073(c), Government Code, is amended  
21 to read as follows:

22           (c) Interest that has been and that will be accrued or  
23 earned from deposits made under a law to which this subsection  
24 applies is state funds not subject to allocation or distribution to  
25 taxing units, cities, or transportation authorities under that law.  
26 This subsection applies to:

27           (1) Section 205.02, Alcoholic Beverage Code;

- 1 (2) Section 2001.507, Occupations Code;
- 2 (2-a) Section 2001.521, Occupations Code;
- 3 (3) Section 403.105(d) of this code;
- 4 (4) Sections 321.501 and 321.504, Tax Code;
- 5 (5) Sections 322.301 and 322.304, Tax Code; and
- 6 (6) Sections 323.501 and 323.504, Tax Code.

7 SECTION 15. Sections 2001.104, 2001.313(b-2), 2001.437(e),  
8 and 2001.507(d), Occupations Code, are repealed.

9 SECTION 16. (a) The changes in law made by this Act in  
10 amending Sections 2001.158, 2001.205, 2001.209, 2001.503, and  
11 2001.507, Occupations Code, and in adding Subchapter K-1, Chapter  
12 2001, Occupations Code, apply beginning with the state fiscal year  
13 beginning September 1, 2019.

14 (b) The changes in law made by this Act to Sections  
15 2001.103, 2001.105, and 2001.154, Occupations Code, apply to the  
16 issuance of a license under Chapter 2001, Occupations Code, that  
17 occurs on or after the effective date of this Act. The issuance of a  
18 license that occurs before the effective date of this Act is  
19 governed by the law in effect on the date the license is issued, and  
20 the former law is continued in effect for that purpose.

21 SECTION 17. Not later than January 1, 2018, the Texas  
22 Lottery Commission shall return to each license holder who in the  
23 year preceding the effective date of this Act paid a license fee  
24 under Section 2001.104 or 2001.437, Occupations Code, as those  
25 sections existed before the effective date of this Act, any portion  
26 of the fee attributable to the license holder's period of licensure  
27 occurring on or after the effective date of this Act.

1 SECTION 18. This Act takes effect September 1, 2017.